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CENTRAL INTELLIGENCE AGENCY  
CIA 12-49

19 December 1949

REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE  
SECURITY OF THE UNITED STATES

SUMMARY

*neither  
part of major  
importance*  
1. Two major trends in the structure of power relationships among non-Soviet nations have begun to appear as of the end of 1949: (a) limited but steady growth of UN institutions; (b) regional association, particularly in Europe, in the interests of military security and economic development. Both trends are compatible with US security interests.

2. Western European regionalization, in potential strength as well as in difficulties and dangers, is a critical laboratory experiment in a field of international relations of major importance to US security.

a. The UK will accept a full share of regional responsibility for military security, will participate to a limited extent in regional political associations, but will not merge economically with the continental nations.

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NOTE: This review has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force. The information herein is as of 16 December 1949.

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*and many other "ifs"*

b. Economic "integration" of continental Western Europe will progress very slowly. It is likely to succeed only if it does not bring industrial dislocation and temporary unemployment of any consequence and if the regional economy fits into a balanced pattern of trade and economic growth in the entire non-Soviet world, including the US.

c. Bringing West Germany into the Western European region as an equal partner with France is the immediate problem. France will try to keep Germany from dominating the partnership through (i) UK and US influence in Atlantic Pact affairs, (ii) the transformation of the Council of Europe into a quasi-government with the UK as constituent member, (iii) protection of industry by cartelization.

d. There is strong popular and governmental support of cartelization of industry as a stabilizing device in the Western European economy, and "decartelization" measures probably will be simply government controls over the more restrictive practices of cartels. The current trend, therefore, is toward a cartelized continental Western European bloc, led by France and Germany and organized to promote regional interests while protecting politically and economically dominant groups in each nation. The balance struck between

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France and Germany will go far toward determining the progress of regional association in Western Europe and its contribution to the security of the non-Soviet world.

e. The USSR will try to frustrate progress toward Western European regionalism while proceeding with the Soviet "integration" scheme in Eastern Europe.

f. East-West trade in Europe, funneling through Germany, is a threat to Western European regionalization, but it will not be a critical danger if Germany joins a Western bloc and through it has access to markets and raw materials in Western Europe, European colonies, and the rest of the non-Soviet world.

3. The political and economic stability of the Near East is unlikely to increase in the foreseeable future as a result of regional association along European lines. There is little community of interest, and limited Arab sub-regional efforts toward collective action have failed.

4. Asiatic states also feel little community of interest except in the general drive toward nationalism, which has been mainly directed against European imperialism. Regionalism in Asia will help very little in containing Soviet influence and developing military, political, and economic strength among non-Soviet nations.

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5. In the Western Hemisphere, where successful regional co-operation has a long history, developments of the past two years have weakened the power potential of Hemisphere solidarity. These developments have not, however, affected the generally anti-Soviet orientation of Latin America.

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